

Committee on Ways and Means

Medicare Prescription Drug Benefit Off to a Strong Start *Costs Lower than Expected; Problems Being Addressed*

- The new Medicare drug benefit is off to a strong start. Since sign-up began last November, 8.1 million seniors have voluntarily signed up for the new drug benefit, up from 7.2 million four weeks ago, either through stand-alone plans or integrated Medicare Advantage plans. Beneficiaries are signing up at a rate of 380,000 per week.
- More than four months into the new benefit, more than 37 million of our nation's Medicare beneficiaries are receiving help with their prescription costs, about 28 million of those benefiting directly from the changes made in the *Medicare Modernization Act* (MMA, P.L. 108-173).
 - **Stand-alone Prescription Drug Plans:** 8.9 million.
 - **Medicare/Medicaid:** 5.9 million (with an additional 600,000 enrolled in Medicare Advantage plans).
 - **Medicare Advantage with Prescription Drugs:** 5.9 million
 - **Retiree coverage:** About 6.9 million retirees are in employer coverage that is subsidized by the Medicare retiree drug subsidy. Additionally, about 1.4 million retirees are in employer coverage that incorporates or supplements Medicare prescription drug coverage.
 - **TRICARE/ FEHB retirees:** 3.5 million (not receiving assistance from Medicare, but providing drug coverage to their retirees).
 - **An additional 5.8 million** have creditable coverage through another source, like the VA.
 - **HHS estimates an additional 2 million will sign up by May 15.**
- Competition among plans is working. The CMS Actuary has announced that the cost of the program is expected to be 20 percent lower than previously estimated in 2006, reducing spending on Part D from an estimated \$38.1 billion to \$30.5 billion in 2006 alone.
- Beneficiary premiums average \$25 per month, down from prior estimates of \$37 per month.
- The new drug program is filling more than three million prescriptions per day and helping beneficiaries gain access to the drugs they need at affordable prices. Recent reports show that the top 25 drugs purchased by seniors have discounts of 35 percent at retail pharmacies at 46 percent through mail-order.
- Despite these successes, many prefer to focus on problems. As can be expected in the launch of a large new program, there have been some implementation challenges. But HHS has and is working diligently to resolve problems.
- AARP CEO Bill Novelli had it right when he said recently, "With the Medicare drug program, more older Americans than ever before have access to affordable prescription drugs. The focus right now needs to be on helping people, not playing politics. Discouraging enrollment is a disservice to the millions who could be saving money on prescription drug bills."